

open, civil societies and healthy market economies in line with democratic ideals. This support needs to be sustained for the long run until stable economies and civil societies are in place.

And third, in the developing world, locally-produced radio programs and other media coverage are unparalleled in their potential to effectively educate mass populations about urgent social problems such as HIV/AIDS.

We would urge the committee to give special attention to this last point.

ROLE OF MEDIA IN COMBATting HIV/AIDS IN AFRICA

At a time when the incidence of HIV/AIDS has reached catastrophic proportions in Africa, there is an important opportunity to harness the power of local media to reduce the spread of this disease. Over 17 million Africans have died of AIDS since the epidemic began in the late 1970s. In at least eight sub-Saharan African nations, infection levels in the general population are 15% or higher.

Yet local news coverage of this epidemic is often seriously flawed. African journalists do not usually specialize in one particular area, so their knowledge of the issue may be shallow and the language they use may inadvertently further stigmatize victims of HIV/AIDS. As a recent *Time* magazine cover story concluded, "Ignorance is the crucial reason the epidemic has run out of control."

By training local African journalists in how to cover this issue effectively and responsibly, as Internews has done in Russia and Ukraine, we can reduce the ignorance and fear that exacerbate the suffering. One of the biggest challenges of the AIDS pandemic is in reaching young audiences with needed information before they become sexually active. By focusing a media campaign on pre-pubescent African children, we can begin to get ahead of the spread of this deadly virus.

Internews therefore requests that this Committee recommend funding in the amount of \$2 million for Internews to implement a media training program to combat the spread of HIV/AIDS in Africa.

As elected officials; you know better than most the unequal power of the media to inform and motivate the public. In Africa and the developing world, nothing is more effective than hearing local people on the radio speaking in their local dialect. If we can educate those voices about the true nature of the HIV virus, we can begin to change the attitudes and practices that have allowed this disease to run out of control.

WOMEN AND MEDIA IN THE DEVELOPING WORLD

Women in the developing world have a special role to play in changing public health practices and on a wide range of social issues.

In his book *Development As Freedom*, Nobel Prize winner Amartya Sen illustrates how increased literacy, education, job opportunities, property rights and political representation for women directly translate into reduced infant mortality rates, lower birth rates, cleaner water, reduced crime and overall national economic growth.

If we want to see the less developed countries emerge from the morass of poverty, disease and chronic warfare, there is nothing more important we can do than increase the political and social influence of women. One way to increase the influence of women in the developing world is to open up opportunities for women in the media.

Let us train a new generation of women journalists, producers and media entre-

preneurs in Africa. Let us develop the capacity of women's NGOs to utilize the media to deliver their messages. Let us help start new radio programs that address the needs of women. For example, with a grant from USAID's Office of Transition Initiatives, Internews helped develop the first radio program in Indonesia specifically targeted to a female audience. This type of assistance delivered throughout Africa would have the power to transform the continent. A democratic, open media in Africa is both a moral and a political imperative.

ABOUT INTERNEWS

Internews® is an international non-profit organization that supports open media worldwide. The company fosters independent media in emerging democracies, produces innovative television and radio programming and Internet content, and uses the media to reduce conflict within and between countries.

Internews programs are based on the conviction that vigorous and diverse mass media form an essential cornerstone of a free and open society. Internews projects currently span the former Soviet Union, Eastern and Western Europe, the Middle East, Southeast Asia, Africa and the United States.

Formed in 1982, Internews Network, Inc. is a 501(c)(3) organization incorporated in California, with offices in 23 countries worldwide. The organization currently has offices in Armenia, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Tajikistan, the Kyrgyz Republic, Russia, Ukraine, Belarus, Bosnia-Herzegovina, the Federal Republic of Yugoslavia, Kosovo, France, Belgium, Israel/Palestine, Indonesia, East Timor, Thailand, Iran, Rwanda, Tanzania, and the United States.

To support independent broadcast media, Internews has done the following (as of 12/31/00):

Since 1992, Internews has trained over 16,000 media professionals in the former Soviet Union, the Balkans, the Middle East, and Indonesia in broadcast journalism and station management.

The organization has worked with over 1500 non-governmental TV and radio stations since 1992.

Internews has also supported the development of 16 independent national television networks linking nongovernmental TV stations in the former Soviet Union, the former Yugoslavia, and the West Bank and Gaza.

Internews has formed or helped support 19 national media associations around the world.

In 2000 Internews, working with local producers, created approximately 740 hours of television and radio programming. Internews' original programs reach a potential audience of 308 million viewers and listeners worldwide.

In addition, since 1994 Internews' Open Skies program has selected, acquired, versioned and distributed over 1000 hours of high-quality international documentary programming to independent television broadcasters in the former Soviet Union and the former Yugoslavia.

Just since 1995, the company has provided over \$2 million in television and radio production equipment to nongovernmental media, in the form of grants or no-cost equipment loans.

Internews is primarily supported by grants. Funders include the US Agency for International Development, the Open Society Institute, the Government of the Netherlands, the European Commission, the United States Information Agency, the National En-

dowment for Democracy, the John D. and Catherine T. MacArthur Foundation, the Ford Foundation, Rockefeller Financial Services, the W. Alton Jones Foundation, the Joyce Mertz-Gilmore Foundation, the Carnegie Corporation of New York, the Corporation for Public Broadcasting, the Miriam and Ira D. Wallach Foundation, the W.K. Kellogg Foundation, and many others. The organization had a budget of \$15 million in 2000.

INTRODUCTION OF TRIBAL ENERGY SELF-SUFFICIENCY ACT

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. RAHALL. Mr. Speaker, in my role as the Ranking Democrat on the Resources Committee, today I am proud to be introducing the "Tribal Energy Self-Sufficiency Act" and am pleased to note that joining me as original cosponsors are our colleagues DON YOUNG of Alaska, GEORGE MILLER of California, DALE KILDEE of Michigan, ENI FALEOMAVEGA of American Samoa, NEIL ABERCROMBIE of Hawaii, FRANK PALLONE, Jr. of New Jersey, ADAM SMITH of Washington, MARK UDALL of Colorado, BETTY MCCOLLUM of Minnesota, and PATRICK KENNEDY of Rhode Island.

Native Americans have, by far, the highest percentage of homes without electricity. Many homes on Indian reservations have either no electricity or unreliable electricity. I find this appalling and unacceptable especially in light of the fact that at least ten percent of the energy resources in the United States are located on Indian lands. In a community which often receives lower than average wages, Native Americans pay a larger percentage of their income on energy needs than the rest of us.

In numerous instances Indian lands are criss-crossed with electricity transmission and distribution lines yet the Indian homes on those lands remain dark. Tribes often have no access to these lines and little authority over what energy they do receive. As we all know, this is not the case with the various local governments in the rest of the country.

As the House of Representatives prepares to consider legislation to further advance a national energy policy, we must not forsake the sovereign tribes to which the United States has a trust responsibility. In this regard, the fundamental purpose of this legislation is to provide Indian Country with the tools it needs to achieve energy self-sufficiency.

When enacted, this legislation will go a long way to promote energy development of Indian lands where it is wanted and badly needed. The "Tribal Energy Self-Sufficiency Act" contains a multitude of provisions relating to the production of energy resources on Indian lands, the development of renewable sources of energy, and access by tribes to transmission facilities largely by building upon programs that are already in place.

Mr. Speaker, I have worked to draft this comprehensive energy bill with the Council of Energy Resource Tribes, the Intertribal Energy Network and numerous energy and tribal experts representing well over 100 Indian tribes.

While this legislation was developed with a great deal of input from Indian Country, it does not purport to include every single proposal or idea that was advanced. Rather, this measure is intended to reflect those areas where interested tribes are largely in agreement with refinements made as it is considered by the committees of jurisdiction during the legislative process.

MOTION PICTURE PRODUCTION: TO RUN OR STAY MADE IN THE USA

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. CONYERS. Mr. Speaker, I submit that the following article from the Entertainment Law Review, by Pamela Conley Ulich and Lance Simmons, be placed in the CONGRESSIONAL RECORD.

MOTION PICTURE PRODUCTION: TO RUN OR STAY MADE IN THE U.S.A.

(Pamela Conley Ulich and Lance Simmons)

"Bye, Bye Miss American pie, drove in my Daimler to the movies to see a foreign-made flic; And good old actors were drinking whiskey and beer, singing this is the day, we're unemployed here, this will be the day we're unemployed here."

I. INTRODUCTION

Globalization profoundly impacts traditional ways of conducting business, and the entertainment industry is not immune from the new economics drastically changing the world. Could Hollywood become "Hollyhasbeen"? Will television and theatrical motion pictures shot in the United States go the way of the American car and American-made clothing?

Runaway production has caused serious labor issues, including the dislocation of thousands of workers and jobs. In 1998, twenty-seven percent of films released in the United States were produced abroad, and an estimated 20,000 jobs were lost to foreign countries. Lower exchange rates, direct government subsidies and lower labor wages enticed American production companies to film in foreign locales. In 1998, the direct economic loss of runaway production was \$2.8 billion. When coupled with the loss of ancillary business, the losses likely totaled \$10.3 billion for 1998 alone. These losses juxtapose with the issues of free trade versus fair trade in an uneasy balance.

This Article considers why many television and theatrical motion pictures targeted primarily at U.S. audiences are not made in America. It also examines the economic impact resulting from the flight of such productions. Finally, it considers possible solutions in an effort to reverse the trend.

II. THE HISTORY OF "RUNAWAY PRODUCTION"

Runaway production is not a new phenomenon. In December 1957, the Hollywood American Federation of Labor ("AFL") Film Council, an organization of twenty-eight AFL-CIO unions, prepared a report entitled

On December 1, 1961, H. O'Neil Shanks, John Lehnert and Robert Gilbert of the Hollywood AFL Film Council testified regarding runaway productions before the Education and Labor Subcommittee on the Impact of Imports and Exports on American Employment. Shanks explained to the subcommittee:

"Apart from the fact that thousands of job opportunities for motion picture technicians, musicians, and players are being 'exported' to other countries at the expense of American citizens residing in the State of California, the State of New York, and in other States because of runaway production this unfortunate trend . . . threatens to destroy a valuable national asset in the field of world-wide mass communications, which is vital to our national interest and security. If Hollywood is thus permitted to become 'obsolete as a production center' and the United States voluntarily surrenders its position of world leadership in the field of theatrical motion pictures, the chance to present a more favorable American image on the movie screens of non-Communist countries in reply to the cold war attacks of our Soviet adversaries will be lost forever."

John "Jack" L. Dales, Executive Secretary of the Screen Actors Guild ("SAG"), and actor Charlton Heston also testified before this subcommittee. Dales stated:

"We examined and laid out, without evasion, all the causes [of runaway production] we knew. Included as impelling foreign production were foreign financial subsidies, tax avoidance, lower production costs, popularity of authentic locale, frozen funds—all complex reasons. We urged Congressional action in two primary areas: (1) fight subsidy with subsidy. Use the present 10 percent admissions tax to create a domestic subsidy; (2) taxes. . . . [W]e proposed consideration of a spread of five or seven years over which tax would be paid on the average, not on the highest, income for those years."

Despite these impassioned pleas, runaway production has continued to grow in importance, scope and visibility. Today it ranks among the most critical issues confronting the entertainment industry. The issue received increased attention in June 1999, when SAG and the Directors Guild of America ("DGA") commissioned a Monitor Company report, "The Economic Impact of U.S. Film and Television Runaway Production" ("Monitor Report"), that analyzed the quantity of motion pictures shot abroad and resulting losses to the American economy. In January 2001, concerns over runaway production were addressed in a report prepared by the United States Department of Commerce. The eighty-eight page document ("Department of Commerce Report") was produced at the request of a bipartisan congressional group. Like the Monitor Report, the Department of Commerce Report acknowledged the "flight of U.S."

Additionally, the media is bringing the issue of runaway production to the attention of the general public. Numerous newspaper articles have focused on the concerns cited in the Monitor Report. For example, in The Washington Post, Lorenzo di Bonaventura, Warner Bros. president of production, explained the runaway production issue as follows:

"For studios, the economics of moving production overseas are tempting. The 'Matrix' cost us 30 percent less than it would have if we shot in the United States. . . . The rate of exchange is 62 cents on the dollar. Labor costs, construction materials are all lower. And they want us more. They are very embracing when we come to them."

Di Bonaventura indicated Warner Bros. received \$12 million in tax incentives for filming "The Matrix" in Australia. This is a significant savings for a film that cost approximately \$62 million to produce.

III. CAUSES OF RUNAWAY PRODUCTION

In the Department of Commerce Report, the government delineated factors leading to

runaway film and television production. These factors have contributed to the "substantial transformation of what used to be a traditional and quintessentially American industry into an increasingly dispersed global industry."

A. Vertical Integration: Globalization

Vertical integration is defined by the International Monetary Fund as "the increasing integration of economies around the world, particularly through trade and financial flows." The term may also refer to "the movement of people (labor) and knowledge (technology) across international borders."

Consequently, companies must now be productive and international in order to profit. Because companies are generally more interested in profits than in people, companies are often not loyal to communities in which they have flourished. Instead, they solely consider the bottom line in the process of making business decisions.

Columbia is an excellent example of the conversion from a traditional U.S.-based company to a global enterprise. Columbia began in 1918 when independent producer Harry Cohn, his brother Jack and their associate Joe Brandt, started the company with a \$100,000 loan. In 1926, Columbia purchased a small lot on Gower Street in Hollywood, California, with just two sound stages and a small office building. In 1929, Columbia's success began when it produced its first "talkie" feature, "The Donovan Affair," directed by Frank Capra, who would become an important asset to Columbia. Capra went on to produce other box office successes for Columbia such as "You Can't Take It With You" and "Mr. Smith Goes to Washington."

In 1966, Columbia faced a takeover attempt by the Banque de Paris et Pays-Bas, owner of twenty percent of Columbia, and Maurice Clairmont, a well-known corporate raider. The Communications Act of 1934 prohibited foreign ownership of more than one-fifth of an American company with broadcast holdings. The Banque de Paris could not legally take over Columbia because one of Columbia's subsidiaries, Screen Gems, held a number of television stations. In 1982, the Coca-Cola Company purchased Columbia.

In 1988, Columbia's share of domestic box office receipts fell to 3.5 percent and Columbia registered a \$104 million loss. In late 1989,

Following in Columbia's footsteps, other studios have globalized through foreign ownership. Universal Studios, Inc. ("Universal"), previously the Music Corporation of America, was acquired by the additional Japanese electronics company Matsushita in 1991, and four years later was purchased by Seagram, a Canadian company headquartered in Montreal. In 1985, Australian media mogul Rupert Murdoch acquired a controlling interest in Fox, and Time, Inc., a publishing and cable television giant, acquired Warner Bros. in 1989.

As studios become multinational, their loyalty to the community or country in which they were born wanes. The international corporations are no longer concerned with the ramifications of moving production outside uses for of their community or country; they are instead concerned only with bottom-line profits. Columbia exemplifies globalization. Columbia no longer owns a studio lot, let alone its humble beginnings on Gower Street. The Studio simply rents office space in a building in Culver City, California. Not surprisingly, global corporations think globally, not locally. Shooting abroad is not only acceptable, but preferable to companies who are not loyal to any one country.